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TAGS: BBSR EINV EPET ECON EFIN MR

SUBJECT: SUBJECT: GAZ DE FRANCE INCREASES PRESENCE IN
MAURITANIA

(U) Key Point

-- French parastatal Gaz de France and the Mauritanian
Ministry of Energy and Oil signed an agreement for a
feasibility study intended to develop Mauritanian liquefied
natural gas (LNG).

(U) Comments

-- The Mauritanian government has been trying to attract
foreign investors to develop its oil and gas industry.

-- Despite the media hype, there is less here than meets the
eye. While sources indicate Mauritania has large LNG
reserves, an entire infrastructure would need to be built for
storage and re-export, as there is little domestic demand.
Most predict the study will find such exploration not cost
effective.

-- What is more likely motivating this agreement is an effort
by the transitional government to "warm up" relations between
Mauritania and France.

End Key Points and Comments.

1.(U) According to media reports, Gaz de France CEO
Jean-Francois Cirelli signed an agreement with Minister of
Energy and Oil Mohamed Ali Ould Sidi Mohamed to conduct a
feasibility study for the setting up of an LNG facility, the
possibility of energy production from natural gas and a plan
to train Mauritanian personnel on natural gas-related
activities.

12. (U) The terms of the agreement include:

-- Completion by Gaz de France of a feasibility study of an
LNG supply chain in Mauritania. The research will determine
the existing opportunities for the development of gas
industry activities in Mauritania. It will focus on the
exploration and production of natural gas, its liquefaction
in Mauritania in addition to sea transport and possible
commercial outlets in Europe or North America.

-- Possibility to develop in Mauritania electricity generation using natural gas.

-- Training programs developed for Mauritanian employees focused on activities related to natural gas with a view to developing local gas industry expertise.

13. (U) The potential reserves of natural gas could offer substantial long-term prospects. Gaz de France first began operations in Mauritania in 2005 in the area of exploration. Under the terms of an agreement with Dana Petroleum, subject to the official approval of the relevant authorities, Gaz de France will own stakes in three offshore exploration blocks.
LeBaron